

**CITY OF AKUTAN, ALASKA**

Basic Financial Statements,  
and Additional Supplementary  
Information

Year Ended June 30, 2012

# CITY OF AKUTAN, ALASKA

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## CITY OF AKUTAN, ALASKA

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## Independent Auditor's Report

Honorable Mayor and City Council  
City of Akutan, Alaska

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Akutan, Alaska as of and for the year ended June 30, 2012, which collectively comprise City of Akutan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Akutan's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the City's 2011 financial statements and, in our report dated December 6, 2011, we expressed unqualified opinions on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Akutan, Alaska as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and the Permanent, Geothermal and Town Creek Hydro Design Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Honorable Mayor and City Council  
City of Akutan, Alaska

Our audit for the year ended June 30, 2012 was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Akutan's basic financial statements. The accompanying combining and individual fund financial statements and schedules for the year ended June 30, 2012 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole for the year ended June 30, 2012.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City of Akutan, Alaska for the year ended June 30, 2011 (not presented herein) and have issued our report dated December 6, 2011, which contained unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2011 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2011 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2011 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2011.

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
March 25, 2013

## **BASIC FINANCIAL STATEMENTS**

## CITY OF AKUTAN, ALASKA

## Statement of Net Assets

June 30, 2012

<u>Assets</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Cash and investments	\$ 7,507,322	-	7,507,322
Receivables, net of allowance for doubtful accounts:			
Akutan Traditional Council	82,564	-	82,564
Fish taxes	264,413	-	264,413
Accounts	35,863	62,311	98,174
Grants	122,740	-	122,740
Other	16,758	-	16,758
Prepaid items	2,384	-	2,384
Fuel inventory	77,405	15,813	93,218
Investment in Southwest Governments, LLC	603,401	-	603,401
Internal balances	565,172	(565,172)	-
Capital assets not being depreciated - land and construction in progress	1,052,703	182,361	1,235,064
Other capital assets, net of accumulated depreciation	<u>7,615,337</u>	<u>1,808,620</u>	<u>9,423,957</u>
 Total assets	 \$ <u>17,946,062</u>	 <u>1,503,933</u>	 <u>19,449,995</u>
 <u>Liabilities and Net Assets</u>			
Liabilities:			
Accounts payable	315,257	50,749	366,006
Accrued payroll and benefits	14,510	-	14,510
Prepaid rent	5,500	-	5,500
Noncurrent liabilities:			
Due within one year - accrued leave	11,795	4,513	16,308
Due in more than one year - notes payable	<u>345,454</u>	<u>-</u>	<u>345,454</u>
Total liabilities	<u>692,516</u>	<u>55,262</u>	<u>747,778</u>
Net assets:			
Invested in capital assets, net of related debt	8,322,586	1,990,981	10,313,567
Unrestricted (deficit)	<u>8,930,960</u>	<u>(542,310)</u>	<u>8,388,650</u>
Total net assets	<u>17,253,546</u>	<u>1,448,671</u>	<u>18,702,217</u>
 Total liabilities and net assets	 \$ <u>17,946,062</u>	 <u>1,503,933</u>	 <u>19,449,995</u>

See accompanying notes to basic financial statements.

## CITY OF AKUTAN, ALASKA

Statement of Activities  
Year Ended June 30, 2012

Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		Total
		Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Govern- mental Activities	Business- type Activities	
Governmental:							
General government	\$ 1,189,863	16,331	44,895	-	(1,128,637)	-	(1,128,637)
Public safety	89,778	-	5,320	-	(84,458)	-	(84,458)
Community services	512,055	356,787	3,575	150,004	(1,689)	-	(1,689)
Public works	1,367,304	-	5,100	263,331	(1,098,873)	-	(1,098,873)
Garbage and recycling	9,541	-	-	-	(9,541)	-	(9,541)
Apartment building	79,972	12,950	-	-	(67,022)	-	(67,022)
Airport	92,384	-	-	-	(92,384)	-	(92,384)
Warehouse	2,064	3,019	-	-	955	-	955
Dock and skiff moorage	122,327	4,412	-	-	(117,915)	-	(117,915)
Water and sewer	141,207	1,241	24,219	-	(115,747)	-	(115,747)
Cable	21,468	18,359	-	-	(3,109)	-	(3,109)
Total governmental	3,627,963	413,099	83,109	413,335	(2,718,420)	-	(2,718,420)
Business-type - electric	540,180	140,672	-	121,436	-	(278,072)	(278,072)
Total	\$ 4,168,143	553,771	83,109	534,771	(2,718,420)	(278,072)	(2,996,492)
General revenues:							
Fish taxes				\$	1,385,057	-	1,385,057
Grants and entitlements not restricted to a specific purpose					1,418,780	-	1,418,780
Investment income					223,609	-	223,609
Other					119,107	-	119,107
Transfers					(275,610)	275,610	-
Total general revenues and transfers					2,870,943	275,610	3,146,553
Change in net assets					152,523	(2,462)	150,061
Beginning net assets					17,101,023	1,451,133	18,552,156
Ending net assets				\$	17,253,546	1,448,671	18,702,217

See accompanying notes to basic financial statements.



## CITY OF AKUTAN, ALASKA

## Governmental Funds

## Balance Sheet

June 30, 2012

Major Funds							
Assets	Special Revenue				Capital Project		Total Govern- mental Funds
	General	Permanent	Geothermal	Town Creek	Daycare Facilities	Nonmajor Funds	
				Hydro Design			
Cash and investments	\$ 108,812	5,625,444	-	125,928	158,155	1,488,983	7,507,322
Receivables:							
Akutan Traditional Council	82,564	-	-	-	-	-	82,564
Fish taxes	264,413	-	-	-	-	-	264,413
Accounts	-	-	-	-	-	42,363	42,363
Grants	-	-	38,973	83,071	-	696	122,740
Other	16,758	-	-	-	-	-	16,758
Allowance for doubtful accounts	-	-	-	-	-	(6,500)	(6,500)
Prepaid items	-	-	-	-	-	2,384	2,384
Fuel inventory	-	-	-	-	-	77,405	77,405
Due from other funds	272,478	-	-	-	-	-	272,478
Investment in Southwest Governments, LLC	603,401	-	-	-	-	-	603,401
Advance to other funds	565,172	-	-	-	-	-	565,172
Total assets	\$ 1,913,598	5,625,444	38,973	208,999	158,155	1,605,331	9,550,500
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	112,421	-	30,785	83,071	83,897	5,083	315,257
Accrued payroll and benefits	13,942	-	-	-	-	568	14,510
Deferred revenue:							
Southwest Governments, LLC	130,858	-	-	-	-	-	130,858
Prepaid rent	5,500	-	-	-	-	-	5,500
Due to other funds	-	-	272,353	-	-	125	272,478
Total liabilities	262,721	-	303,138	83,071	83,897	5,776	738,603
Fund balances:							
Nonspendable	1,120,279	-	-	-	-	79,789	1,200,068
Assigned	-	5,625,444	-	125,928	74,258	1,519,766	7,345,396
Unassigned (deficit)	530,598	-	(264,165)	-	-	-	266,433
Total fund balances (deficit)	1,650,877	5,625,444	(264,165)	125,928	74,258	1,599,555	8,811,897
Total liabilities and fund balances	\$ 1,913,598	5,625,444	38,973	208,999	158,155	1,605,331	9,550,500

See accompanying notes to basic financial statements.

**CITY OF AKUTAN, ALASKA**  
 Reconciliation of Governmental Funds Balance Sheet  
 to Statement of Net Assets  
 June 30, 2012

Total fund balances for governmental funds \$ 8,811,897

Total net assets reported for governmental activities in the  
 Statement of Net Assets is different because:

Capital assets used in governmental activities are not financial  
 resources and therefore are not reported in the funds. These  
 assets, net of accumulated depreciation consist of:

Land and land improvements	\$ 793,886	
Construction in progress	258,817	
Buildings and improvements	3,724,316	
Equipment	479,741	
Service lines	625,000	
Infrastructure	6,471,378	
Accumulated depreciation	<u>(3,685,098)</u>	
Total capital assets		8,668,040

The City has an investment in Southwest Governments, LLC.

This is the unrealized gain on the long-term asset which is  
 deferred in the funds. 130,858

Long-term liabilities, including note payable and accrued leave  
 are not due and payable in the current period and therefore are  
 not reported as fund liabilities.

Notes payable	(345,454)	
Accrued leave	<u>(11,795)</u>	
Total long-term liabilities		<u>(357,249)</u>

Total net assets of governmental activities \$ 17,253,546

See accompanying notes to basic financial statements.

## CITY OF AKUTAN, ALASKA

## Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)  
Year Ended June 30, 2012

	Major Funds						
	Special Revenue				Capital Project		
				Town Creek			Total
	General	Permanent	Geothermal	Hydro	Daycare	Nonmajor	Govern-
				Design	Facilities	Funds	mental
							Funds
Revenues:							
Intergovernmental:							
State of Alaska	\$ 1,349,294	-	113,973	149,358	-	22,595	1,635,220
Federal	5,000	-	-	-	-	-	5,000
Local fish taxes	1,385,057	-	-	-	-	-	1,385,057
Charges for services	-	-	-	-	-	360,364	360,364
Investment income	41,517	182,291	-	-	-	-	223,808
Other revenues	296,842	-	-	-	150,004	115	446,961
Total revenues	3,077,710	182,291	113,973	149,358	150,004	383,074	4,056,410
Expenditures:							
Current:							
General government	1,159,985	-	-	-	-	-	1,159,985
Public safety	78,272	-	-	-	-	-	78,272
Community services	61,762	-	-	-	175,746	369,338	606,846
Public works	891,333	-	323,104	173,430	-	22,595	1,410,462
Water and sewer	116,236	-	-	-	-	-	116,236
Garbage and recycling	70,454	-	-	-	-	-	70,454
Apartment building	9,541	-	-	-	-	-	9,541
Airport	92,384	-	-	-	-	-	92,384
Permanent	-	6,838	-	-	-	-	6,838
Dock and skiff moorage	-	-	-	-	-	42,503	42,503
Cable	-	-	-	-	-	18,857	18,857
Debt service	532,687	-	-	-	-	-	532,687
Total expenditures	3,012,654	6,838	323,104	173,430	175,746	453,293	4,145,065
Excess of revenues over							
(under) expenditures	65,056	175,453	(209,131)	(24,072)	(25,742)	(70,219)	(88,655)
Other financing sources (uses):							
Transfers in	394,176	-	355,000	50,000	100,000	227,625	1,126,801
Transfers out	(1,008,235)	(394,176)	-	-	-	-	(1,402,411)
Proceeds from loan	-	-	99,529	-	-	-	99,529
Net other financing							
sources (uses)	(614,059)	(394,176)	454,529	50,000	100,000	227,625	(176,081)
Net change in fund balances	(549,003)	(218,723)	245,398	25,928	74,258	157,406	(264,736)
Beginning fund balances (deficit)	2,199,880	5,844,167	(509,563)	100,000	-	1,442,149	9,076,633
Ending fund balances (deficit)	\$ 1,650,877	5,625,444	(264,165)	125,928	74,258	1,599,555	8,811,897

See accompanying notes to basic financial statements.

**CITY OF AKUTAN, ALASKA**

Reconciliation of the Change in Fund Balances of Governmental Funds  
to Statement of Activities  
Year Ended June 30, 2012

Net change in fund balances - total governmental funds \$ (264,736)

The change in net assets reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over the estimated useful lives. This is the amount by which depreciation (\$298,105) exceeded capital outlays (\$258,817). (39,288)

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of principal of long-term debt (e.g. note payable) uses current financial resources in governmental funds. However, neither transaction has an effect on net assets. 417,457

Some revenues may not be collected for several months after the City's year-end. This is the decrease in deferred revenue related to the City's investment in Southwest Governments, LLC. (314)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount of decrease in:

Accrued leave	\$	35,527	
Accrued interest payable		<u>3,877</u>	
			<u>39,404</u>

Change in net assets of governmental activities \$ 152,523

See accompanying notes to basic financial statements.

**CITY OF AKUTAN, ALASKA**  
General Fund  
Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2012  
(With Comparative Amounts for 2011)

	<u>2012</u>			<u>2011</u>
	Original and Final <u>Budget</u>	<u>Actual</u>	Budget <u>Variance</u>	<u>Actual</u>
Revenues:				
Intergovernmental:				
State of Alaska	\$ 1,378,760	1,349,294	(29,466)	1,155,876
Federal	60,000	5,000	(55,000)	266,163
Local fish taxes	1,135,670	1,385,057	249,387	1,222,653
Investment income	45,000	41,517	(3,483)	44,492
Other revenues	87,704	296,842	209,138	237,453
Total revenues	<u>2,707,134</u>	<u>3,077,710</u>	<u>370,576</u>	<u>2,926,637</u>
Expenditures:				
General government	909,380	1,159,985	(250,605)	1,471,245
Public safety	64,656	78,272	(13,616)	70,561
Community services	89,853	61,762	28,091	115,071
Public works	325,310	891,333	(566,023)	433,342
Water and sewer	120,555	116,236	4,319	115,617
Garbage and recycling	13,540	70,454	(56,914)	29,714
Apartment building	34,780	9,541	25,239	36,385
Airport	60,780	92,384	(31,604)	71,781
Debt service	298,000	532,687	(234,687)	281,218
Total expenditures	<u>1,916,854</u>	<u>3,012,654</u>	<u>(1,095,800)</u>	<u>2,624,934</u>
Excess of revenues over (under) expenditures	790,280	65,056	(725,224)	301,703
Other financing sources (uses):				
Transfers in	248,300	394,176	145,876	-
Transfers out	<u>(1,008,235)</u>	<u>(1,008,235)</u>	<u>-</u>	<u>(738,235)</u>
Net other financing sources (uses)	<u>(759,935)</u>	<u>(614,059)</u>	<u>145,876</u>	<u>(738,235)</u>
Net change in fund balance	\$ <u>30,345</u>	(549,003)	<u>(579,348)</u>	(436,532)
Beginning fund balance		<u>2,199,880</u>		<u>2,636,412</u>
Ending fund balance	\$	<u>1,650,877</u>		<u>2,199,880</u>

See accompanying notes to basic financial statements.

**CITY OF AKUTAN, ALASKA**  
 Permanent Special Revenue Fund  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

		<u>2012</u>			<u>2011</u>
		Original and Final <u>Budget</u>	<u>Actual</u>	Budget <u>Variance</u>	<u>Actual</u>
Revenues - investment income	\$	-	182,291	182,291	627,770
Expenditures - investment fees		<u>-</u>	<u>6,838</u>	<u>(6,838)</u>	<u>18,565</u>
Excess of revenues over expenditures		-	175,453	175,453	609,205
Other financing uses - transfers out		<u>(248,300)</u>	<u>(394,176)</u>	<u>(145,876)</u>	<u>-</u>
Net change in fund balance	\$	<u>(248,300)</u>	<u>(218,723)</u>	<u>29,577</u>	609,205
Beginning fund balance			<u>5,844,167</u>		<u>5,234,962</u>
Ending fund balance	\$		<u>5,625,444</u>		<u>5,844,167</u>

See accompanying notes to basic financial statements.

**CITY OF AKUTAN, ALASKA**  
**Geothermal Special Revenue Fund**  
**Statement of Revenues, Expenditures and**  
**Changes in Deficit - Budget and Actual**  
**Year Ended June 30, 2012**  
**(With Comparative Amounts for 2011)**

	<u>2012</u>			<u>2011</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Actual</u>
Revenues - Alaska Energy Authority grants	\$ <u>7,895,000</u>	<u>113,973</u>	<u>(7,781,027)</u>	<u>1,778,104</u>
Expenditures:				
Contractual services	8,250,000	299,347	7,950,653	2,675,235
Travel and per diem	-	6,754	(6,754)	36,181
Miscellaneous	-	17,003	(17,003)	-
Parts and supplies	-	-	-	46,274
Total expenditures	<u>8,250,000</u>	<u>323,104</u>	<u>7,926,896</u>	<u>2,757,690</u>
Excess of revenues over (under) expenditures	(355,000)	(209,131)	145,869	(979,586)
Other financing sources:				
Transfers in	355,000	355,000	-	250,000
Proceeds from Alaska Energy Authority loan	-	99,529	99,529	245,925
Total other financing sources	<u>355,000</u>	<u>454,529</u>	<u>99,529</u>	<u>495,925</u>
Net change in deficit	\$ <u>-</u>	245,398	<u>245,398</u>	(483,661)
Beginning deficit		<u>(509,563)</u>		<u>(25,902)</u>
Ending deficit	\$	<u>(264,165)</u>		<u>(509,563)</u>

See accompanying notes to basic financial statements.

**CITY OF AKUTAN, ALASKA**  
**Town Creek Hydro Design Special Revenue Fund**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**Year Ended June 30, 2012**  
**(With Comparative Amounts for 2011)**

	<u>2012</u>			<u>2011</u>
	Original and Final Budget	Actual	Budget Variance	Actual
Revenues - State of Alaska	\$ 470,074	149,358	(320,716)	38,596
Expenditures - contractual services	<u>520,074</u>	<u>173,430</u>	<u>346,644</u>	<u>38,596</u>
Excess of revenues over (under) expenditures	(50,000)	(24,072)	25,928	-
Other financing sources - transfers in	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>100,000</u>
Net change in fund balance	\$ <u>-</u>	25,928	<u>25,928</u>	100,000
Beginning fund balance		<u>100,000</u>		<u>-</u>
Ending fund balance	\$	<u>125,928</u>		<u>100,000</u>

See accompanying notes to the basic financial statements.



**CITY OF AKUTAN, ALASKA**  
Electric Enterprise Fund  
Statement of Net Assets  
June 30, 2012  
(With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Current assets:		
Accounts receivable	\$ 62,311	10,617
Fuel inventory	<u>15,813</u>	<u>14,364</u>
Total current assets	<u>78,124</u>	<u>24,981</u>
Property, plant and equipment:		
Buildings and improvements	249,868	249,868
Distribution system	1,358,732	1,358,732
Hydro plant	739,683	739,683
Generators and other equipment	417,222	417,222
Construction in progress	<u>182,361</u>	<u>-</u>
Total property, plant and equipment	2,947,866	2,765,505
Less accumulated depreciation	<u>(956,885)</u>	<u>(861,208)</u>
Net property, plant and equipment	<u>1,990,981</u>	<u>1,904,297</u>
Total assets	\$ <u><u>2,069,105</u></u>	<u><u>1,929,278</u></u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	50,749	4,697
Accrued leave	<u>4,513</u>	<u>8,863</u>
Total current liabilities	55,262	13,560
Noncurrent liabilities - advance from other funds	<u>565,172</u>	<u>464,585</u>
Total liabilities	<u>620,434</u>	<u>478,145</u>
Net assets:		
Invested in capital assets	1,990,981	1,904,297
Deficit	<u>(542,310)</u>	<u>(453,164)</u>
Total net assets	<u>1,448,671</u>	<u>1,451,133</u>
Total liabilities and net assets	\$ <u><u>2,069,105</u></u>	<u><u>1,929,278</u></u>

See accompanying notes to basic financial statements.

**CITY OF AKUTAN, ALASKA**  
Electric Enterprise Fund  
Statement of Revenues, Expenses and  
Changes in Net Assets - Budget and Actual  
Year Ended June 30, 2012  
(With Comparative Amounts for 2011)

	<u>2012</u>		<u>2011</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Actual</u>
Operating revenues:				
Charges for services	\$ 146,700	127,277	(19,423)	140,915
City electric usage	<u>18,000</u>	<u>13,395</u>	<u>(4,605)</u>	<u>17,233</u>
Total operating revenues	<u>164,700</u>	<u>140,672</u>	<u>(24,028)</u>	<u>158,148</u>
Operating expenses:				
Salaries and benefits	103,500	112,505	(9,005)	89,948
Outside services	10,000	15,627	(5,627)	11,770
Parts and supplies	10,000	5,102	4,898	1,715
Filters	1,200	780	420	2,033
Insurance	8,580	8,796	(216)	8,582
Telephone	610	204	406	256
Fuel	150,000	300,544	(150,544)	178,288
Repair and maintenance	5,000	474	4,526	-
Dues and fees	1,500	471	1,029	-
Elder exemption	9,600	-	9,600	-
Depreciation	<u>67,550</u>	<u>95,677</u>	<u>(28,127)</u>	<u>69,011</u>
Total operating expenses	<u>367,540</u>	<u>540,180</u>	<u>(172,640)</u>	<u>361,603</u>
Loss before contributions and transfers	(202,840)	(399,508)	(196,668)	(203,455)
Capital contributions	-	121,436	121,436	515,175
Transfers in	<u>275,610</u>	<u>275,610</u>	<u>-</u>	<u>275,610</u>
Change in net assets	\$ <u>72,770</u>	(2,462)	<u>(75,232)</u>	587,330
Beginning net assets		<u>1,451,133</u>		<u>863,803</u>
Ending net assets	\$	<u>1,448,671</u>		<u>1,451,133</u>

See accompanying notes to basic financial statements.

**CITY OF AKUTAN, ALASKA**  
Electric Enterprise Fund  
Statement of Cash Flows  
Year Ended June 30, 2012  
(With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 88,978	161,283
Payments to suppliers	(287,395)	(213,536)
Payments to employees	<u>(116,855)</u>	<u>(96,796)</u>
Net cash flows from operating activities	<u>(315,272)</u>	<u>(149,049)</u>
Cash flows from noncapital financing activities:		
Transfers in	275,610	275,610
Increase (decrease) in advances from other funds	<u>100,587</u>	<u>(126,561)</u>
Net cash flows from noncapital financial activities	<u>376,197</u>	<u>149,049</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(182,361)	(515,175)
Capital contributions received	<u>121,436</u>	<u>515,175</u>
Net cash flows from capital and related financing activities	<u>(60,925)</u>	<u>-</u>
Net increase in cash and investments	-	-
Beginning cash and investments	<u>-</u>	<u>-</u>
Ending cash and investments	\$ <u><u>-</u></u>	<u><u>-</u></u>
Reconciliation of loss from operations to net cash provided (used) by operating activities:		
Loss from operations	(399,508)	(203,455)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	95,677	69,011
(Increase) decrease in assets:		
Accounts receivable	(51,694)	3,135
Inventory	(1,449)	(14,364)
Increase (decrease) in liabilities:		
Accounts payable	46,052	3,472
Accrued leave	(4,350)	(6,362)
Accrued payroll and benefits	<u>-</u>	<u>(486)</u>
Net cash flows from operating activities	\$ <u><u>(315,272)</u></u>	<u><u>(149,049)</u></u>

See accompanying notes to basic financial statements.

# CITY OF AKUTAN, ALASKA

## Notes to Basic Financial Statements

June 30, 2012

### (1) Summary of Significant Accounting Policies

#### Reporting Entity

The City of Akutan (City) was incorporated in 1979 as a second class city under the laws of the State of Alaska. The City operates under a council-mayor form of government and performs municipal duties allowed by Alaska statutes and as directed by its residents.

The financial statements included in this report are for the City of Akutan only. There are no other component units for which the City of Akutan is financially accountable, nor do any special financial relationships exist between the City and any other entity.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

#### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the City. In general, the effect of interfund activity has been removed from these statements to minimize the double-counting of internal activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) fees, fines and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

#### Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## CITY OF AKUTAN, ALASKA

### Notes to Basic Financial Statements, continued

#### **Summary of Significant Accounting Policies, continued**

##### **Measurement Focus, Basis of Accounting and Basis of Presentation, continued**

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only to the extent they have matured.

Fish taxes, charges for services, rentals, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when received by the government.

The City reports the following major funds:

#### Major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Permanent Special Revenue Fund* manages funds for operations in the event there is a fisheries decline or other community disaster.

The *Geothermal Special Revenue Fund* accounts for activities related to the geothermal project.

The *Town Creek Hydro Design Special Revenue Fund* accounts for activities related to the Town Creek hydroelectric project.

The *Daycare Facilities Capital Project Fund* accounts for activities related to the construction of a daycare facility.

#### Major proprietary fund –

The *Electric Enterprise Fund* is used to account for the operations of the electric utility.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are allocated administration fees and charges between the enterprise fund and the various other funds and departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## CITY OF AKUTAN, ALASKA

### Notes to Basic Financial Statements, continued

#### **Summary of Significant Accounting Policies, continued**

##### Measurement Focus, Basis of Accounting and Basis of Presentation, continued

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. In addition, general revenues include all taxes, investment income, and State entitlement revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connections with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### Cash and Cash Equivalents

For purposes of the statement of cash flows, the enterprise fund considers all equity in central treasury to be cash and cash equivalents. The central treasury, which holds cash and investments, is used essentially as a cash management pool by each fund.

##### Inventory

Inventories are valued at cost (first-in, first-out). Inventory consists of fuel held for resale and/or consumption by City departments. The cost is recorded as an expenditure or expense at the time individual inventory items are consumed.

##### Accrued Leave

The City allows employees to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured (e.g. the employee has terminated employment).

##### Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

## CITY OF AKUTAN, ALASKA

### Notes to Basic Financial Statements, continued

#### **Summary of Significant Accounting Policies, continued**

##### **Capital Assets, continued**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	20-40 years
Infrastructure (dock, floats, etc.)	50 years
System infrastructure	20-50 years
Machinery and equipment	5-20 years

##### **Deferred Grant Revenue**

Amounts received from grantor agencies, which are restricted as to use and have not been expended for the intended use are shown as deferred revenue.

##### **Fund Balances**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of fund balances comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance* – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City Council - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

## CITY OF AKUTAN, ALASKA

### Notes to Basic Financial Statements, continued

#### **Summary of Significant Accounting Policies, continued**

##### **Fund Balances, continued**

*Assigned fund balance* – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. The City Council and City Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

##### **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Any encumbrances outstanding at year end are reported as appropriate constraints of fund balances if they meet the definitions and criteria as outlined above.

##### **Pension Plans**

All full time employees of the City participate in the Public Employees' Retirement System (PERS) administered by the State of Alaska.

##### **Grants and Other Intergovernmental Revenues**

In applying the measurable and available concepts to grants and intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts are considered “earned”; therefore, revenues are recognized based on expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the measurable and available criteria are met.

##### **Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services and to construct assets. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.



## CITY OF AKUTAN, ALASKA

### Notes to Basic Financial Statements, continued

#### **Summary of Significant Accounting Policies, continued**

##### **Budgetary Accounting**

An operating budget is adopted each fiscal year for the General Fund, Special Revenue Funds, and Capital Project Funds on the same modified accrual basis used to reflect actual revenues and expenditures. Appropriations for these funds lapse at year end to the extent that they have not been expended or encumbered. Supplemental appropriations that amend the total expenditures of any department or fund require Council approval. The budgeted financial statements presented in this report reflect the final budget authorization, including amendments made during the year.

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. The Administrator must submit to the City Council by May 1 a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted by the City Council to provide an opportunity for public comment.
- c. By June 15, by City Council action, the budget is legally enacted through passage of an ordinance. If the City Council fails to pass an ordinance, the budget submitted by the Administrator becomes the adopted budget.

#### **(2) Cash and Investments**

Except for the Permanent Fund, all cash is maintained in a central treasury and is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet as "cash and investments" or in the case of "negative" cash, is included in "due to other funds." The City's cash is held in the form of demand accounts including checking, savings, and money market accounts held by commercial banks and money market funds in investment accounts as follows:

Demand accounts	\$ 994,182
Money market funds	<u>2,023,595</u>
	<u>\$ 3,017,777</u>

##### *Custodial credit risk*

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. To limit credit risk, City policy requires that all deposits be insured or covered by collateralization agreements although one of the City's current banking arrangements does not include collateralization and was uninsured to the extent of approximately \$271,642 at June 30, 2012.

# CITY OF AKUTAN, ALASKA

## Notes to Basic Financial Statements, continued

### **Cash and Investments, continued**

#### *Investment policy*

The City's investment policy authorizes investments in:

1. Treasury bonds, bills, notes or other general obligation evidences of indebtedness of the United States or an agency or instrumentality of the United States, or of the State of Alaska, or of other states of the United States, or of this City, of other cities of the State, and of boroughs of this State;
2. Fully insured or fully collateralized certificates of deposit, savings deposits, and other interest-bearing deposit accounts in member banks insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC);
3. Repurchase agreements where the general checking balance at the end of each business day is used to buy a security from the bank and held over night;
4. Investments through the Alaska Municipal League Investment Pool (AMLIP); and
5. Domestic, international, and real estate equities.

#### *Interest rate risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Investment maturities at June 30, 2012 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> <u>(in Years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>More Than 5</u>
U.S. government agencies	\$ 71,867	-	-	71,867
State and municipal bonds	125,600	-	-	125,600
Foreign bonds	344,990	-	344,990	-
Corporate bonds	1,680,989	206,112	1,218,578	256,299
Equity mutual funds	1,128,404	1,128,404	-	-
Pooled investments	<u>1,137,695</u>	<u>1,137,695</u>	<u>-</u>	<u>-</u>
Total investments	\$ <u>4,489,545</u>	<u>2,472,211</u>	<u>1,563,568</u>	<u>453,766</u>

## CITY OF AKUTAN, ALASKA

### Notes to Basic Financial Statements, continued

#### **Cash and Investments, continued**

##### *Credit risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investments in corporate bonds of \$1,680,989 were rated as follows by Standard and Poor's: \$76,727 is rated BBB+, \$298,153 is rated A-, \$611,356 is rated A, \$103,908 is rated A+, \$230,060 is rated AA-, \$118,101 is rated AA+, and \$242,684 is rated AAA. The City's investments in U.S. government agencies and government bonds of \$197,467 were rated as follows by Standard and Poor's: \$125,600 is rated AA, and \$71,867 is rated AA+. The City's investments in foreign bonds of \$344,990 were rated as follows by Standard and Poor's: \$106,172 is rated BBB+, \$79,470 is rated A, \$80,776 is rated AA- and \$78,572 is rated AAA.

Pooled investments are invested with the Alaska Municipal League Investment Pool, Inc. (AMLIP). The AMLIP is an external investment pool which is rated AAAM for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. The share value of investments in the AMLIP is approximately equal to fair value.

##### *Reconciliation of Deposit and Investment Balances*

The following is a reconciliation of the City's deposit and investment balances to the financial statements at June 30, 2012.

Demand and money market accounts	\$ 3,017,777
Investments	<u>4,489,545</u>
	<u>\$ 7,507,322</u>

#### (3) **Investment in Southwest Governments, LLC**

The City has purchased a 40 percent ownership in Southwest Governments, LLC, an investment company formed to buy an office building in Anchorage, Alaska. The office building was purchased in May 2002 and is currently rented to outside parties, including the group that owns Southwest Governments, LLC. The City's investment in Southwest Governments, LLC, is recorded on the equity method. The City's balance in this investment at June 30, 2012, is \$603,401.

# CITY OF AKUTAN, ALASKA

## Notes to Basic Financial Statements, continued

(4) **Capital Assets**

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance July 1, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2012</u>
<b><u>Governmental activities</u></b>				
<i>Capital assets not being depreciated –</i>				
Land and improvements	\$ 793,886	-	-	793,886
Construction in progress	<u>-</u>	<u>258,817</u>	<u>-</u>	<u>258,817</u>
Total capital assets not being depreciated	<u>793,886</u>	<u>258,817</u>	<u>-</u>	<u>1,052,703</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	3,724,316	-	-	3,724,316
Equipment	479,741	-	-	479,741
Water and sewer lines	625,000	-	-	625,000
Infrastructure	<u>6,471,378</u>	<u>-</u>	<u>-</u>	<u>6,471,378</u>
Total capital assets being depreciated	<u>11,300,435</u>	<u>-</u>	<u>-</u>	<u>11,300,435</u>
Less accumulated depreciation for:				
Buildings and improvements	1,027,813	92,670	-	1,120,483
Equipment	214,788	28,025	-	242,813
Water and sewer lines	335,000	12,500	-	347,500
Infrastructure	<u>1,809,392</u>	<u>164,910</u>	<u>-</u>	<u>1,974,302</u>
Total accumulated depreciation	<u>3,386,993</u>	<u>298,105</u>	<u>-</u>	<u>3,685,098</u>
Total capital assets being depreciated, net	<u>7,913,442</u>	<u>(298,105)</u>	<u>-</u>	<u>7,615,337</u>
Governmental activity capital assets, net	\$ <u>8,707,328</u>	<u>(39,288)</u>	<u>-</u>	<u>8,668,040</u>
<b><u>Business-type activities</u></b>				
<i>Capital assets not being depreciated -</i>				
Construction in progress	\$ <u>-</u>	<u>182,361</u>	<u>-</u>	<u>182,361</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	249,868	-	-	249,868
Equipment	417,222	-	-	417,222
Service lines	1,358,732	-	-	1,358,732
Infrastructure	<u>739,683</u>	<u>-</u>	<u>-</u>	<u>739,683</u>
Total capital assets being depreciated	<u>2,765,505</u>	<u>-</u>	<u>-</u>	<u>2,765,505</u>

# CITY OF AKUTAN, ALASKA

## Notes to Basic Financial Statements, continued

### **Capital Assets, continued**

	Balance July 1, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2012</u>
<b><u>Business-type activities, continued</u></b>				
<i>Capital assets being depreciated, continued:</i>				
Less accumulated depreciation for:				
Buildings and improvements	\$ 89,086	12,495	-	101,581
Equipment	141,459	27,137	-	168,596
Service lines	364,372	41,252	-	405,624
Infrastructure	<u>266,291</u>	<u>14,793</u>	<u>-</u>	<u>281,084</u>
Total accumulated depreciation	<u>861,208</u>	<u>95,677</u>	<u>-</u>	<u>956,885</u>
 Total capital assets being depreciated, net	 <u>1,904,297</u>	 <u>(95,677)</u>	 <u>-</u>	 <u>1,808,620</u>
 Business-type activity capital assets, net	 \$ <u>1,904,297</u>	 <u>86,684</u>	 <u>-</u>	 <u>1,990,981</u>

Depreciation expense was charged to the functions as follows:

### **Governmental activities**

General government	\$ 39,407
Public safety	13,927
Community services	80,955
Public works	44,828
Water and sewer	9,518
Apartment building	2,064
Warehouse	79,824
Dock and skiff moorage	24,971
Cable	<u>2,611</u>
Total governmental activities	<u>\$ 298,105</u>

### **Business-type activities**

Electric utility	\$ <u>95,677</u>
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### (5) **Interfund Receivables, Payables and Transfers**

A schedule of interfund balances and transfers for the year ended June 30, 2012, follows:

#### **Due from other funds:**

Due to General Fund from:	
Geothermal Special Revenue Fund to cover operating costs	\$ 272,353
Nonmajor funds to cover short-term advances for operating costs	<u>125</u>
Total due from other funds	<u>\$ 272,478</u>

## CITY OF AKUTAN, ALASKA

### Notes to Basic Financial Statements, continued

#### **Interfund Receivables, Payables and Transfers, continued**

##### ***Advance to other funds:***

Advance from General Fund to Electric Enterprise Fund to cover operating and capital costs	\$ <u>565,172</u>
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##### ***Transfers:***

###### From General Fund to:

Electric Enterprise Fund to cover operating costs	\$ 275,610
Geothermal Special Revenue Fund to cover project costs	355,000
Daycare Facilities Capital Design Special Revenue Fund to cover project costs	100,000
Town Creek Hydro Project to cover project costs	50,000
Nonmajor funds to cover operating costs and capital costs	<u>227,625</u>
Total transfers from General Fund	1,008,235

###### From Permanent Special Revenue Fund to General Fund for repayment of debt

	<u>394,176</u>
Total transfers to other funds	\$ <u>1,402,411</u>

#### (6) **Long-Term Debt**

In April 2008, the City issued a note payable for \$1,249,027 for the construction of the new City administration building. The note payable bears interest at 4.5% and is secured by a pledge of the City's general revenues, subject to annual appropriation. The note was repaid in full in 2012.

In January 2011, the City signed a loan agreement with Alaska Energy Authority to help with funding the geothermal project. The maximum amount of the loan is \$500,000. Because the loan is drawn down as funds are needed, repayment terms have not yet been established.

# CITY OF AKUTAN, ALASKA

## Notes to Basic Financial Statements, continued

### **Long-Term Debt, continued**

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2012:

	Balance July 1, <u>2011</u>	<u>Additions</u>	<u>Retired</u>	Balance June 30, <u>2012</u>	Due Within <u>One Year</u>
<b><u>Governmental activities</u></b>					
\$1,249,027 note payable, due in annual installments of \$255,391 to \$261,595 through 2013 plus interest at 4.5%	\$ 516,986	-	516,986	-	-
\$500,000 (maximum) note payable, payment terms are not yet established; interest at 4.89%	245,925	99,529	-	345,454	-
Accrued leave (net of payouts)	<u>47,322</u>	<u>11,795</u>	<u>47,322</u>	<u>11,795</u>	<u>11,795</u>
Total governmental activities	\$ <u>810,233</u>	<u>111,324</u>	<u>564,308</u>	<u>357,249</u>	<u>11,795</u>
<b><u>Business-type activities</u></b>					
Accrued leave (net of payouts)	\$ <u>8,863</u>	<u>4,513</u>	<u>8,863</u>	<u>4,513</u>	<u>4,513</u>

### (7) **Fund Balances**

Fund balances, reported in the City's individual major funds and nonmajor funds in the aggregate on the governmental funds balance sheet is subject to the following constraints:

	<u>General</u>	Permanent <u>Special Revenue</u>	Geo- thermal <u>Special Revenue</u>	Town Creek <u>Special Revenue</u>	Daycare Facilities <u>Capital Project</u>	Nonmajor <u>Funds</u>	<u>Totals</u>
Nonspendable:							
Inventory	\$ -	-	-	-	-	77,405	77,405
Prepaid items	-	-	-	-	-	2,384	2,384
Long-term receivables	82,564	-	-	-	-	-	82,564
Investment in Southwest Governments, LLC	472,543	-	-	-	-	-	472,543
Advance to other funds	<u>565,172</u>	-	-	-	-	-	<u>565,172</u>
Total nonspendable	<u>1,120,279</u>	-	-	-	-	<u>79,789</u>	<u>1,200,068</u>

# CITY OF AKUTAN, ALASKA

## Notes to Basic Financial Statements, continued

### **Fund Balances, continued**

	<u>General</u>	<u>Permanent Special Revenue</u>	<u>Geo- thermal Special Revenue</u>	<u>Town Creek Special Revenue</u>	<u>Daycare Facilities Capital Project</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Assigned:							
Fuel / gas	-	-	-	-	-	84,610	84,610
Permanent Fund	-	5,625,444	-	-	-	-	5,625,444
Capital projects	-	-	-	-	-	806,766	806,766
Dock / skiff moorage	-	-	-	-	-	361,732	361,732
Cable	-	-	-	-	-	84,492	84,492
Town Creek hydro	-	-	-	125,928	-	-	125,928
Daycare facilities	-	-	-	-	74,258	-	74,258
Water and sewer projects	-	-	-	-	-	172,166	172,166
Boat harbor projects	-	-	-	-	-	10,000	10,000
Total assigned	<u>-</u>	<u>5,625,444</u>	<u>-</u>	<u>125,928</u>	<u>74,258</u>	<u>1,519,766</u>	<u>7,345,396</u>
Unassigned (deficit)	<u>530,598</u>	<u>-</u>	<u>(264,165)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>266,433</u>
Total fund balances \$	<u>1,650,877</u>	<u>5,625,444</u>	<u>(264,165)</u>	<u>125,928</u>	<u>74,258</u>	<u>1,599,555</u>	<u>8,811,897</u>

(8) **Defined Benefit Pension Plan**

The City participates in the Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration to provide pension, postemployment healthcare, death, and disability benefits. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. The report is available at the following address:

Department of Administration  
Division of Retirement and Benefits  
P.O. Box 110203  
Juneau, Alaska 99811-0203



## CITY OF AKUTAN, ALASKA

### Notes to Basic Financial Statements, continued

#### **Defined Benefit Pension Plan, continued**

##### **Conversion to Cost Sharing**

In April 2008, the Alaska Legislature passed Senate Bill (SB) 125 which converted the existing Public Employees Retirement System (PERS) from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits no longer tracks individual employer assets and liabilities. Rather, all plan costs and past service liabilities are shared among all participating employers. The cost-sharing plan requires a uniform employer contribution rate of 22% of active member wages, subject to a wage floor. Legislation provides for State contributions in the event that the annually calculated and board adopted rate, which includes a provision to pay down the past-service liability, exceeds 22%. Any such additional contributions are recognized by each employer as an on-behalf payment.

In addition, in fiscal year 2008, the State of Alaska passed legislation (SB 123) which requires that the employer contribution be calculated on all PERS eligible wages, including wages attributable to the defined contribution plan described later in these footnotes.

##### **Funding Policy**

Regular employees are required to contribute 6.75% of their annual covered salary (3.04% for pension and 3.71% for healthcare). Police and firefighters are required to contribute 7.5% of their annual covered salary (3.38% for pension and 4.12% for healthcare).

The funding policy provides for periodic employer contributions based on actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate assets to pay both pension and postemployment healthcare benefits when due.

Under current legislation, the employer contribution rate is statutorily capped at 22%. However, the State of Alaska contributes any amount over 22% such that the total contribution equals the Alaska Retirement Management Board adopted rate which is generally consistent with the actuarially determined rate.

The City's contribution rates for the year ended June 30, 2012 were determined as part of the June 30, 2009 actuarial valuation and are as follows:

	Contractual <u>Rate</u>	ARM Board Adopted <u>Rate</u>	GASB 43* <u>Rate</u>
Pension	9.92%	15.10%	23.10%
Postemployment healthcare	<u>12.08%</u>	<u>18.39%</u>	<u>32.74%</u>
Total contribution rate	<u>22.00%</u>	<u>33.49%</u>	<u>55.84%</u>

\* This rate uses a 8.25% pension discount rate and a 7.43% healthcare discount rate and disregards all future Medicare Part D payments.

## CITY OF AKUTAN, ALASKA

### Notes to Basic Financial Statements, continued

#### **Defined Benefit Pension Plan, continued**

##### **Funding Policy, continued**

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial values of assets.

Projected benefits for financial reporting purposes do not incorporate any potential effects of legal or contractual funding limitations.

##### **Annual Pension and Postemployment Healthcare Cost**

The City is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributed approximately 11.49% of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, the City has recorded the State on-behalf payment in the amount of \$55,514 as revenue and expense/expenditures in these financial statements. However, because the City is not statutorily obligated for these payments, this amount is excluded from pension and OPEB cost as described here.

<u>Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Annual OPEB Cost</u>	<u>Total Benefit Cost (TBC)</u>	<u>City Contri- butions</u>	<u>% of TBC Contributed</u>
2012	\$ 40,323	\$ 49,284	\$ 89,607	\$ 89,607	100%
2011	39,690	67,377	107,067	107,067	100%
2010	29,184	49,501	78,685	78,685	100%

## CITY OF AKUTAN, ALASKA

### Notes to Basic Financial Statements, continued

#### (9) **Defined Contribution Pension Plan**

The State of Alaska Legislature approved Senate Bill 141 to create the Public Employees' Retirement System (PERS) Tier IV for employees hired after July 1, 2006 or for employees converting from the PERS Tier I, II or III defined benefit plans. The Plan is administered by the State of Alaska, Department of Administration, and benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. Employees are required to contribute 8.0% of their annual covered salary, and the City is required to make the following contributions:

	Others <u>Tier IV</u>	Police/Fire <u>Tier IV</u>
Individual account	5.00%	5.00%
Health reimbursement arrangement (HRA) *	3.00	3.00
Retiree medical plan	0.51	0.51
Occupational death and disability benefits	<u>0.11</u>	<u>0.97</u>
	<u>8.62 %</u>	<u>9.48%</u>

\*Health Reimbursement Arrangement – AS 39.30.370 requires that the employer contribute “an amount equal to three percent of the average employer’s average annual employee compensation.” For actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period.

Employees are immediately vested in their own contributions and vest 25% per year in employer contributions. The City and employee contributions to PERS including the HRA contribution for the year ended June 30, 2012 were \$13,770 and \$11,503, respectively.

#### (10) **Risk Management**

The City faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensation; i.e., employee injuries, and (f) medical insurance costs of employees. Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for employee medical costs. The City participates in the Alaska Municipal League Joint Insurance Association (AML/JIA) which provides insurance coverage for property and contents damage including damage from flood or earthquake, torts, general liability, public officials liability, and workers' compensation. The AML/JIA is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The Association made no supplemental assessments during the year ended June 30, 2012. The City has no coverage for potential losses from environmental damages. Coverage limits and the deductibles on the policies have stayed relatively constant for the past few years.

## CITY OF AKUTAN, ALASKA

### Notes to Basic Financial Statements, continued

(11) **Contingencies**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and State governments. Any disallowed claims, including amounts already collected, would become a liability.

The City is involved in various claims and pending litigation as part of the normal course of its activities. In the opinion of management, the disposition of these matters is not expected to have a material adverse effect on the City's financial statements.

(12) **Subsequent Events**

Following year end, the City received an IRS assessment in the amount of approximately \$60,000 for improper filing of wage information. The City has just begun working through this issue and will be requesting an abatement of the assessment. Given the uncertainty at this time, no liability has been recorded in these financial statements associated with this matter.

(13) **New Accounting Pronouncements**

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Of the numerous statements, the following are expected to have some effect on the City's financial reporting. Actual impacts have yet to be determined.

*GASB 61 – The Financial Reporting Entity* – Effective for year end June 30, 2013 – This statement will require a review of all entities reported as component units.

*GASB 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* – Effective for year end June 30, 2013 – This statement will result in a change to the government's presentation of proprietary fund statements and government-wide statements from a traditional "Balance Sheet" format to a new "Statement of Net Position" format which will segregate deferred inflows and deferred outflows from assets and liabilities respectively.

*GASB 65 – Items Previously Reported as Assets and Liabilities* – Effective for year end June 30, 2014 – This statement is a companion to GASB Statement 63 and establishes accounts to be reclassified as deferred inflows and outflows. In addition, certain items previously reported as assets or liabilities will be moved to the income statement. For example, debt issuance costs will no longer be capitalized and amortized but will be expensed as incurred, and certain regulatory assets and liabilities will be reclassified to deferred inflows and outflows.

*GASB 68 – Accounting and Financial Reporting for Pensions* – Effective for year end June 30, 2015 – This statement will require all governments that participate in defined benefit pension plans to report any "net pension liability" (as newly defined). An additional GASB statement provides guidance for the Plan reporting with a one year earlier implementation.

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## **SUPPLEMENTARY INFORMATION**

**CITY OF AKUTAN, ALASKA**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2012**

<u>Assets</u>	<u>Special Revenue Funds</u>				<u>Capital Project Funds</u>			<u>Totals</u>
	<u>Fuel / Gas</u>	<u>Dock/ Skiff Moorage</u>	<u>Cable</u>	<u>Loud Creek Hydro Feasibility</u>	<u>Water and Sewer</u>	<u>Boat Harbor</u>	<u>Other Capital Projects</u>	
Cash and investments	\$ 63,282	353,937	82,832	-	172,166	10,000	806,766	1,488,983
Accounts receivable	32,378	8,125	1,860	-	-	-	-	42,363
Grants receivable	-	-	-	696	-	-	-	696
Allowance for doubtful accounts	(6,500)	-	-	-	-	-	-	(6,500)
Prepaid items	2,384	-	-	-	-	-	-	2,384
Fuel inventory	77,405	-	-	-	-	-	-	77,405
<b>Total assets</b>	<b>\$ 168,949</b>	<b>362,062</b>	<b>84,692</b>	<b>696</b>	<b>172,166</b>	<b>10,000</b>	<b>806,766</b>	<b>1,605,331</b>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	4,385	88	39	571	-	-	-	5,083
Accrued payroll and benefits	165	242	161	-	-	-	-	568
Due to other funds	-	-	-	125	-	-	-	125
<b>Total liabilities</b>	<b>4,550</b>	<b>330</b>	<b>200</b>	<b>696</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,776</b>
Fund balances:								
Nonspendable - prepaid items and inventory	79,789	-	-	-	-	-	-	79,789
Assigned:								
Fuel/gas	84,610	-	-	-	-	-	-	84,610
Dock/skiff moorage	-	361,732	-	-	-	-	-	361,732
Cable	-	-	84,492	-	-	-	-	84,492
Water and sewer capital projects	-	-	-	-	172,166	-	-	172,166
Boat harbor capital projects	-	-	-	-	-	10,000	-	10,000
Capital projects	-	-	-	-	-	-	806,766	806,766
<b>Total fund balances</b>	<b>164,399</b>	<b>361,732</b>	<b>84,492</b>	<b>-</b>	<b>172,166</b>	<b>10,000</b>	<b>806,766</b>	<b>1,599,555</b>
<b>Total liabilities and fund balances</b>	<b>\$ 168,949</b>	<b>362,062</b>	<b>84,692</b>	<b>696</b>	<b>172,166</b>	<b>10,000</b>	<b>806,766</b>	<b>1,605,331</b>

**CITY OF AKUTAN, ALASKA**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended June 30, 2012**

	Special Revenue Funds				Capital Project Funds			Totals
	Fuel / Gas	Dock/ Skiff Moorage	Cable	Loud Creek Hydro Feasibility	Water and Sewer	Boat Harbor	Other Capital Projects	
Revenues:								
Charges for services	\$ 337,593	4,412	18,359	-	-	-	-	360,364
State of Alaska	-	-	-	22,595	-	-	-	22,595
Other	-	-	-	-	-	-	115	115
Total revenues	<u>337,593</u>	<u>4,412</u>	<u>18,359</u>	<u>22,595</u>	<u>-</u>	<u>-</u>	<u>115</u>	<u>383,074</u>
Expenditures:								
Salaries and benefits	79,723	19,583	7,213	-	-	-	-	106,519
Contractual services	-	9,306	-	22,595	-	-	-	31,901
Parts and supplies	52	3,660	1,077	-	-	-	-	4,789
Insurance	3,780	7,975	-	-	-	-	-	11,755
Utilities	1,141	1,935	-	-	-	-	-	3,076
Subscriptions	-	-	10,567	-	-	-	-	10,567
Fuel	282,169	-	-	-	-	-	-	282,169
Postage	2,432	-	-	-	-	-	-	2,432
Miscellaneous	41	44	-	-	-	-	-	85
Total expenditures	<u>369,338</u>	<u>42,503</u>	<u>18,857</u>	<u>22,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>453,293</u>
Excess of revenues over (under) expenditures	(31,745)	(38,091)	(498)	-	-	-	115	(70,219)
Other financing sources - transfers in	<u>27,885</u>	<u>179,740</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,625</u>
Net change in fund balances	(3,860)	141,649	19,502	-	-	-	115	157,406
Beginning fund balances	<u>168,259</u>	<u>220,083</u>	<u>64,990</u>	<u>-</u>	<u>172,166</u>	<u>10,000</u>	<u>806,651</u>	<u>1,442,149</u>
Ending fund balances	\$ <u>164,399</u>	<u>361,732</u>	<u>84,492</u>	<u>-</u>	<u>172,166</u>	<u>10,000</u>	<u>806,766</u>	<u>1,599,555</u>



**CITY OF AKUTAN, ALASKA**  
General Fund  
Balance Sheet  
June 30, 2012  
(With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash and investments	\$ 108,812	560,007
Receivables:		
Akutan Traditional Council	82,564	82,564
Fish taxes	264,413	285,300
Other	16,758	4,050
Due from other funds	272,478	512,962
Investment in Southwest Governments, LLC	603,401	603,715
Advance to other funds	<u>565,172</u>	<u>464,585</u>
 Total assets	 \$ <u>1,913,598</u>	 <u>2,513,183</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	112,421	176,631
Accrued payroll and benefits	13,942	-
Deferred revenue:		
Southwest Governments, LLC	130,858	131,172
Prepaid rent	<u>5,500</u>	<u>5,500</u>
Total liabilities	<u>262,721</u>	<u>313,303</u>
 Fund balance:		
Nonspendable:		
Noncurrent accounts receivable	82,564	82,564
Investment in Southwest Governments, LLC	472,543	472,543
Advance to other funds	565,172	464,585
Unassigned	<u>530,598</u>	<u>1,180,188</u>
Total fund balance	<u>1,650,877</u>	<u>2,199,880</u>
 Total liabilities and fund balance	 \$ <u>1,913,598</u>	 <u>2,513,183</u>

**CITY OF AKUTAN, ALASKA**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**Year Ended June 30, 2012**  
**(With Comparative Amounts for 2011)**

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Actual</u>
Revenues:				
Intergovernmental:				
State of Alaska:				
Fisheries business tax	\$ 1,019,166	853,570	(165,596)	827,408
Fisheries landing tax	164,000	244,134	80,134	154,758
State shared revenue	195,594	196,076	482	138,428
PERS relief	-	55,514	55,514	35,282
Total State of Alaska	<u>1,378,760</u>	<u>1,349,294</u>	<u>(29,466)</u>	<u>1,155,876</u>
Federal:				
Denali Commission grant	60,000	-	(60,000)	227,863
Energy grant	-	5,000	5,000	38,300
Total Federal	<u>60,000</u>	<u>5,000</u>	<u>(55,000)</u>	<u>266,163</u>
Local fish taxes	1,135,670	1,385,057	249,387	1,222,653
Investment income	45,000	41,517	(3,483)	44,492
Other revenues:				
Apartment rental	27,400	12,950	(14,450)	21,290
Warehouse rental	6,400	3,019	(3,381)	6,795
Vehicle rental	2,500	420	(2,080)	1,540
IHS clinic lease	16,893	19,194	2,301	20,567
Land leases	15,911	15,911	-	15,911
APICDA community support	-	125,000	125,000	120,253
Water and sewer charges	900	-	(900)	-
Miscellaneous	17,700	120,348	102,648	51,097
Total other revenues	<u>87,704</u>	<u>296,842</u>	<u>209,138</u>	<u>237,453</u>
Total revenues	<u>2,707,134</u>	<u>3,077,710</u>	<u>370,576</u>	<u>2,926,637</u>
Expenditures:				
General government:				
Council:				
Salaries and benefits	153,525	171,169	(17,644)	202,614
Travel and per diem	11,000	24,747	(13,747)	2,268
Parts and supplies	1,300	137	1,163	-
Dues and fees	1,000	830	170	-
Total council	<u>166,825</u>	<u>196,883</u>	<u>(30,058)</u>	<u>204,882</u>

## CITY OF AKUTAN, ALASKA

## General Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual, continued

	2012			2011
	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Actual</u>
Expenditures, continued:				
General government, continued:				
Planning and zoning:				
Salaries and benefits	\$ 17,305	17,514	(209)	20,113
Travel and per diem	-	-	-	1,250
Parts and supplies	1,200	571	629	2,761
Dues and fees	-	604	(604)	1,346
Miscellaneous	-	2,130	(2,130)	-
Legal	2,000	3,497	(1,497)	2,040
Contractual services	-	31,500	(31,500)	266,022
Total planning and zoning	<u>20,505</u>	<u>55,816</u>	<u>(35,311)</u>	<u>293,532</u>
Administration:				
Salaries and benefits	436,700	576,156	(139,456)	438,911
Contractual services	99,500	96,081	3,419	124,250
Outside services	5,000	17,854	(12,854)	17,816
Travel and per diem	36,000	23,273	12,727	75,061
Parts and supplies	25,000	21,365	3,635	24,334
Rent	21,450	36,094	(14,644)	40,432
Leasehold improvements	-	-	-	59,671
Insurance	28,000	28,000	-	27,920
Telephone	12,000	20,576	(8,576)	21,304
Electricity	2,000	4,380	(2,380)	4,694
Dues and fees	8,000	5,041	2,959	32,085
Postage	1,000	509	491	1,492
Freight	-	1,755	(1,755)	-
Equipment	6,000	11,325	(5,325)	-
Bank fees	400	4,003	(3,603)	3,629
Contributions	-	5,000	(5,000)	-
Fuel subsidy	-	-	-	34,563
Lobbying	40,000	45,219	(5,219)	40,270
Fuel	-	4,083	(4,083)	2,750
Miscellaneous	1,000	6,572	(5,572)	23,649
Total administration	<u>722,050</u>	<u>907,286</u>	<u>(185,236)</u>	<u>972,831</u>
Total general government	<u>909,380</u>	<u>1,159,985</u>	<u>(250,605)</u>	<u>1,471,245</u>
Public safety - police and fire:				
Salaries and benefits	57,736	70,467	(12,731)	62,234
Parts and supplies	1,000	34	966	1,210
Insurance	2,920	2,920	-	2,918
Telephone	1,000	1,543	(543)	1,051

## CITY OF AKUTAN, ALASKA

## General Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual, continued

	2012			2011
	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Actual</u>
Expenditures, continued:				
Public safety - police and fire, continued:				
Electricity	\$ 1,200	2,541	(1,341)	2,466
Fuel	700	767	(67)	632
Miscellaneous	100	-	100	50
Total public safety - police and fire	<u>64,656</u>	<u>78,272</u>	<u>(13,616)</u>	<u>70,561</u>
Community services:				
Recreation:				
Salaries and benefits	582	5,818	(5,236)	2,256
Postage	-	106	(106)	83
Parts and supplies	2,000	11,207	(9,207)	6,672
Travel and per diem	-	-	-	282
Insurance	1,200	1,200	-	1,030
Telephone	-	-	-	141
Fuel	200	-	200	-
Total recreation	<u>3,982</u>	<u>18,331</u>	<u>(14,349)</u>	<u>10,464</u>
Clinic and health:				
Contractual services	16,049	-	16,049	50,903
Parts and supplies	-	4	(4)	917
Fuel	-	-	-	1,620
Miscellaneous	844	-	844	479
Total clinic and health	<u>16,893</u>	<u>4</u>	<u>16,889</u>	<u>53,919</u>
Library:				
Salaries and benefits	58,458	30,610	27,848	36,813
Parts and supplies	1,000	330	670	363
Books and subscriptions	200	-	200	212
Postage	-	-	-	23
Insurance	2,500	2,500	-	2,145
Telephone	1,500	931	569	427
Electricity	400	643	(243)	766
Fuel	4,400	8,413	(4,013)	7,823
Dues and fees	120	-	120	50
Miscellaneous	400	-	400	2,066
Total library	<u>68,978</u>	<u>43,427</u>	<u>25,551</u>	<u>50,688</u>
Total community services	<u>89,853</u>	<u>61,762</u>	<u>28,091</u>	<u>115,071</u>

## CITY OF AKUTAN, ALASKA

## General Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual, continued

	2012			2011
	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Actual</u>
Expenditures, continued:				
Public works:				
Salaries and benefits	\$ 106,110	192,925	(86,815)	115,800
Contractual services	196,500	643,911	(447,411)	188,344
Building materials	-	2,025	(2,025)	28,513
Parts and supplies	10,000	30,718	(20,718)	19,326
Insurance	7,500	8,114	(614)	6,436
Telephone	-	-	-	72
Postage	100	2,544	(2,444)	135
Freight	-	2,969	(2,969)	-
Electricity	1,600	402	1,198	4,691
Fuel	1,000	496	504	-
Equipment	-	1,897	(1,897)	60,900
Dues and fees	2,000	2,580	(580)	1,951
Miscellaneous	500	2,752	(2,252)	7,174
Total public works	<u>325,310</u>	<u>891,333</u>	<u>(566,023)</u>	<u>433,342</u>
Water and sewer:				
Salaries and benefits	83,305	77,533	5,772	82,858
Contractual services	8,000	10,398	(2,398)	9,461
Travel and per diem	5,000	5,642	(642)	3,358
Parts and supplies	15,000	11,335	3,665	11,054
Insurance	2,850	2,976	(126)	2,446
Telephone	400	220	180	318
Electricity	2,000	2,567	(567)	2,436
Fuel	3,000	3,175	(175)	2,939
Dues and fees	1,000	1,915	(915)	514
Miscellaneous	-	475	(475)	233
Total water and sewer	<u>120,555</u>	<u>116,236</u>	<u>4,319</u>	<u>115,617</u>
Garbage and recycling:				
Salaries and benefits	9,860	8,636	1,224	11,366
Parts and supplies	1,000	18,302	(17,302)	15,751
Insurance	2,280	2,280	-	2,281
Contractual services	-	4,788	(4,788)	-
Postage	-	7,496	(7,496)	-
Equipment	-	24,477	(24,477)	-
Travel and per diem	-	2,699	(2,699)	-
Fuel	400	1,776	(1,376)	316
Total garbage and recycling	<u>13,540</u>	<u>70,454</u>	<u>(56,914)</u>	<u>29,714</u>

## CITY OF AKUTAN, ALASKA

## General Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual, continued

	2012			2011
	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Actual</u>
Expenditures, continued:				
Apartment building:				
Salaries and benefits	\$ 25,380	-	25,380	18,626
Contractual services	-	-	-	6,798
Parts and supplies	2,000	4,131	(2,131)	3,435
Electricity	-	400	(400)	-
Insurance	3,400	3,400	-	3,433
Fuel	4,000	1,610	2,390	4,093
Total apartment building	<u>34,780</u>	<u>9,541</u>	<u>25,239</u>	<u>36,385</u>
Airport:				
Lobbying	60,780	70,975	(10,195)	65,781
Parts and supplies	-	1,209	(1,209)	-
Other contractual	-	20,200	(20,200)	6,000
Total airport	<u>60,780</u>	<u>92,384</u>	<u>(31,604)</u>	<u>71,781</u>
Debt service:				
Principal	250,000	516,986	(266,986)	249,599
Interest	48,000	15,701	32,299	31,619
Total debt service	<u>298,000</u>	<u>532,687</u>	<u>(234,687)</u>	<u>281,218</u>
Total expenditures	<u>1,916,854</u>	<u>3,012,654</u>	<u>(1,095,800)</u>	<u>2,624,934</u>
Excess of revenues over (under) expenditures	790,280	65,056	(725,224)	301,703
Other financing sources (uses):				
Transfers in - Permanent Special Revenue Fund	<u>248,300</u>	<u>394,176</u>	<u>145,876</u>	<u>-</u>
Transfers out:				
Special revenue funds:				
Dock/Skiff Moorage	(179,740)	(179,740)	-	(59,740)
Cable	(20,000)	(20,000)	-	(20,000)
Fuel/Gas	(27,885)	(27,885)	-	(27,885)
Town Creek Hydro Design	(50,000)	(50,000)	-	(100,000)
Geothermal	(355,000)	(355,000)	-	(250,000)

## CITY OF AKUTAN, ALASKA

## General Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual, continued

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Actual</u>
Other financing sources (uses), continued:				
Transfers out, continued:				
Capital project funds:				
Daycare Facilities	\$ (100,000)	(100,000)	-	-
Boat Harbor	-	-	-	(5,000)
Electric Enterprise Fund	(275,610)	(275,610)	-	(275,610)
Total transfers out	<u>(1,008,235)</u>	<u>(1,008,235)</u>	<u>-</u>	<u>(738,235)</u>
Net other financing sources (uses)	<u>(759,935)</u>	<u>(614,059)</u>	<u>145,876</u>	<u>(738,235)</u>
Net change in fund balance	\$ <u>30,345</u>	<u>(549,003)</u>	<u>(579,348)</u>	<u>(436,532)</u>
Beginning fund balance		<u>2,199,880</u>		<u>2,636,412</u>
Ending fund balance	\$	<u>1,650,877</u>		<u>2,199,880</u>

**CITY OF AKUTAN, ALASKA**  
**Fuel/Gas Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**Year Ended June 30, 2012**  
**(With Comparative Amounts for 2011)**

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Actual</u>
Revenues:				
Fuel sales	\$ 135,700	118,379	(17,321)	96,466
City fuel use	<u>209,000</u>	<u>219,214</u>	<u>10,214</u>	<u>194,051</u>
Total revenues	<u>344,700</u>	<u>337,593</u>	<u>(7,107)</u>	<u>290,517</u>
Expenditures:				
Salaries and benefits	84,136	79,723	4,413	77,594
Travel and per diem	-	-	-	3,475
Parts and supplies	1,000	52	948	2,735
Insurance	3,780	3,780	-	3,776
Utilities	400	1,141	(741)	1,598
Fuel	415,725	282,169	133,556	246,044
Postage	-	2,432	(2,432)	-
Miscellaneous	-	41	(41)	-
Repair and maintenance	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>1,984</u>
Total expenditures	<u>507,041</u>	<u>369,338</u>	<u>137,703</u>	<u>337,206</u>
Excess of revenues over (under) expenditures	(162,341)	(31,745)	130,596	(46,689)
Other financing sources - transfers in	<u>27,885</u>	<u>27,885</u>	<u>-</u>	<u>27,885</u>
Net change in fund balance	\$ <u>(134,456)</u>	(3,860)	<u>130,596</u>	(18,804)
Beginning fund balance		<u>168,259</u>		<u>187,063</u>
Ending fund balance	\$	<u>164,399</u>		<u>168,259</u>



**CITY OF AKUTAN, ALASKA**  
**Dock/Skiff Moorage Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**Year Ended June 30, 2012**  
**(With Comparative Amounts for 2011)**

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Actual</u>
Revenues:				
Skiff moorage	\$ 3,000	4,316	1,316	8,722
Dock moorage charges	-	96	96	290
Total revenues	<u>3,000</u>	<u>4,412</u>	<u>1,412</u>	<u>9,012</u>
Expenditures:				
Skiff moorage:				
Salaries and benefits	1,655	10,582	(8,927)	199
Insurance	<u>245</u>	<u>245</u>	<u>-</u>	<u>210</u>
Total skiff moorage	<u>1,900</u>	<u>10,827</u>	<u>(8,927)</u>	<u>409</u>
Dock and warehouse:				
Salaries and benefits	8,950	9,001	(51)	11,154
Contractual services	120,000	9,306	110,694	-
Parts and supplies	1,500	3,660	(2,160)	1,476
Insurance	7,730	7,730	-	7,724
Miscellaneous	-	44	(44)	-
Utilities	<u>800</u>	<u>1,935</u>	<u>(1,135)</u>	<u>261</u>
Total dock and warehouse	<u>138,980</u>	<u>31,676</u>	<u>107,304</u>	<u>20,615</u>
Total expenditures	<u>140,880</u>	<u>42,503</u>	<u>98,377</u>	<u>21,024</u>
Excess of revenues over (under) expenditures	(137,880)	(38,091)	99,789	(12,012)
Other financing sources - transfers in	<u>179,740</u>	<u>179,740</u>	<u>-</u>	<u>59,740</u>
Net change in fund balance	\$ <u>41,860</u>	141,649	<u>99,789</u>	47,728
Beginning fund balance		<u>220,083</u>		<u>172,355</u>
Ending fund balance	\$	<u>361,732</u>		<u>220,083</u>

**CITY OF AKUTAN, ALASKA**  
**Cable Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**Year Ended June 30, 2012**  
**(With Comparative Amounts for 2011)**

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Actual</u>
Revenues - charges for services	\$ <u>18,000</u>	<u>18,359</u>	<u>359</u>	<u>15,748</u>
Expenditures:				
Salaries and benefits	-	7,213	(7,213)	133
Parts and supplies	2,500	1,077	1,423	2,694
Subscriptions	<u>7,500</u>	<u>10,567</u>	<u>(3,067)</u>	<u>9,339</u>
Total expenditures	<u>10,000</u>	<u>18,857</u>	<u>(8,857)</u>	<u>12,166</u>
Excess of revenues over (under) expenditures	8,000	(498)	(8,498)	3,582
Other financing sources - transfers in	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Net change in fund balance	\$ <u>28,000</u>	19,502	<u>(8,498)</u>	23,582
Beginning fund balance		<u>64,990</u>		<u>41,408</u>
Ending fund balance	\$	<u>84,492</u>		<u>64,990</u>

**CITY OF AKUTAN, ALASKA**  
**Loud Creek Hydro Feasibility Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**Year Ended June 30, 2012**  
**(With Comparative Amounts for 2011)**

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Actual</u>
Revenues - State of Alaska	\$ 104,434	22,595	(81,839)	68,630
Expenditures - contractual services	<u>104,434</u>	<u>22,595</u>	<u>81,839</u>	<u>68,630</u>
Net change in fund balance	\$ <u>-</u>	-	<u>-</u>	-
Beginning fund balance		<u>-</u>		<u>-</u>
Ending fund balance	\$ <u>-</u>	<u>-</u>		<u>-</u>

**CITY OF AKUTAN, ALASKA**  
**Water and Sewer Capital Project Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance- Budget and Actual**  
**Year Ended June 30, 2012**  
**(With Comparative Amounts for 2011)**

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Actual</u>
Revenues - other revenues	\$ 400,000	-	(400,000)	25
Expenditures - capital outlay	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>547</u>
Net change in fund balance	\$ <u>-</u>	-	<u>-</u>	(522)
Beginning fund balance		<u>172,166</u>		<u>172,688</u>
Ending fund balance	\$ <u>172,166</u>			<u>172,166</u>

**CITY OF AKUTAN, ALASKA**  
**Boat Harbor Capital Project Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**Year Ended June 30, 2012**  
**(With Comparative Amounts for 2011)**

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Actual</u>
Other financing sources - transfers in	\$ -	-	-	<u>5,000</u>
Net change in fund balance	\$ <u>-</u>	-	<u>-</u>	5,000
Beginning fund balance		<u>10,000</u>		<u>5,000</u>
Ending fund balance	\$	<u>10,000</u>		<u>10,000</u>

**CITY OF AKUTAN, ALASKA**  
 Other Capital Projects Capital Project Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	Budget <u>Variance</u>	<u>Actual</u>
Revenues - investment income	\$ -	115	115	107
Expenditures - capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	115	<u>115</u>	107
Beginning fund balance		<u>806,651</u>		<u>806,544</u>
Ending fund balance		\$ <u>806,766</u>		<u>806,651</u>

**CITY OF AKUTAN, ALASKA**  
Daycare Facilities Capital Project Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Revenues:			
Aleutians East Borough grant	\$ 150,000	150,000	-
Investment income	<u>-</u>	<u>4</u>	<u>4</u>
Total revenues	150,000	150,004	4
 Expenditures - capital outlay	 <u>250,000</u>	 <u>175,746</u>	 <u>74,254</u>
 Excess of revenues over (under) expenditures	 (100,000)	 (25,742)	 74,258
 Other financing sources - transfers in	 <u>100,000</u>	 <u>100,000</u>	 <u>-</u>
 Net change in fund balance	 \$ <u>-</u>	 74,258	 <u>74,258</u>
 Beginning fund balance		 <u>-</u>	
 Ending fund balance	 \$	 <u>74,258</u>	